

**REQUEST FOR PROPOSAL**  
**INDEPENDENT PROFESSIONAL INVESTMENT MANAGER**



**June 15, 2011**

**Office of the Chairman**

**Hopi Tribe**

**P.O. Box 123**

**Kykotsmovi, Arizona 86039**



THE OFFICE OF THE CHAIRMAN OF THE HOPI TRIBE  
REQUEST FOR PROPOSAL  
INDEPENDENT PROFESSIONAL INVESTMENT MANAGER

TIME SCHEDULE

- |  |               |
|--|---------------|
| 1. Date of Issue:                        | June 15, 2011 |
| 2. Deadline To Submit Written Questions: | July 1, 2011  |
| 3. Final Filing Date:                    | July 22, 2011 |

The Hopi Tribe ("Tribe") is requesting proposals from qualified firms interested in providing independent professional investment management services. This Request for Proposal ("RFP") is available by request.

If you are interested, please submit a signed proposal by 5:00 PM, Arizona Time, Friday, July 22, 2011 to the Hopi Tribe:

LeRoy N. Shingoitewa, Chairman  
Hopi Tribe  
P.O. Box 123  
Kykotsmovi, Arizona 86039

Questions concerning the RFP must be submitted by email: [RFP\\_IPIM@hopi.nsn.us](mailto:RFP_IPIM@hopi.nsn.us) by 4:30 PM, Arizona Time, Friday, July 1, 2011.

Thank you for your interest in this RFP and we look forward to your response.



## PROPOSAL REQUIREMENTS AND INFORMATION TO BE PROVIDED BY INDEPENDENT PROFESSIONAL INVESTMENT MANAGER

The Hopi Tribe's requirements for the information to be contained in the RFP are listed below. The Tribe reserves the right to reject any proposal that, in the sole and exclusive judgment of the Hopi Tribe fails to provide all of the information requested. In the event that none of the proposals are satisfactory, then no selection will be made. Please provide the required information in the same order in which it is requested here.

### COVER LETTER

The RFP must include a cover letter. It must also be signed by the individual who is authorized to contractually bind the proposing Independent Professional Investment Manager. An unsigned cover letter may cause the proposal to be rejected. The letter must also contain the following:

1. The Investment Manager's name, address, email, telephone and fax number.
2. The Investment Manager's Federal Employer Identification Number and, if applicable, Corporate Identification Number.
3. The name, title or position, email address, and telephone number of the individual signing the cover letter on behalf of the Investment Manager.
4. A statement, signed by the person purporting to have the authority to commit the Investment Manager to terms of the proposal, indicating that the signer is authorized to legally bind the Investment Manager to contract if the terms of the proposal are accepted by the Hopi Tribe.
5. The name, title or position, email address, and telephone number of the primary contact and/or account administrator, if different from individual signing the cover letter.
6. An acknowledgement by the Investment Manager that the proposal is a firm and irrevocable offer good for one (1) year from the date of the proposal.
7. A statement that the Investment Manager is willing and able to perform the services described in this RFP.
8. A Statement that the Investment Manager has available the staff and other resources required to perform all services required by the RFP and to provide all required deliverables within the specified time frame.



### SUBMISSION OF WRITTEN QUESTIONS

Questions Investment Managers may have regarding the information or requirements contained in this RFP must be received by the Hopi Tribe via email to [RFP\\_IPIM@hopi.nsn.us](mailto:RFP_IPIM@hopi.nsn.us) no later than July 1, 2011 at 4:30 PM, Arizona Time. All questions received by this date will be answered by the Hopi Tribe on its website at [www.hopi-nsn.gov](http://www.hopi-nsn.gov). Sources of the questions will not be identified.

### ADDENDA: ERRORS AND OMISSIONS

The Hopi Tribe may modify any part of the RFP in writing by issuing an addendum. Addenda issued prior to the final filing date for submission of proposals will be provided on Tribe's website at [www.hopi-nsn.gov](http://www.hopi-nsn.gov). Addenda issued after the final filing date will be sent to each Investment Manager from whom the Tribe has received a proposal.

If an Investment Manager discovers an ambiguity, conflict, discrepancy, omission or other error in this RFP, the Investment Manager should immediately notify the Tribe's contact person, Curtis Honanie, whose contact information is listed in the previous section of such error in writing and request clarification or modification of the RFP. Such notice shall be given prior to the final filing date for submission of proposals. Modification of the RFP by the Hopi Tribe shall be made by addenda. Clarifications by the Hopi Tribe shall be issued by posting to the Tribe's website at [www.hopi-nsn.gov](http://www.hopi-nsn.gov). If, prior to the final filing date for submission, an Investment Manager fails to notify the Tribe of a known error, or an error that reasonably should have been known, the Investment Manager shall not be entitled to additional consideration or time by reason of the error or its late correction.

### SUBMISSION OF PROPOSALS

Please submit the original proposal in a sealed package by 5:00 PM, Arizona Time, July 22, Friday, 2011 to:

LeRoy N. Shingoitewa, Chairman  
Hopi Tribe  
P.O. Box 123  
Kykotsmovi, Arizona 86039

The original must contain original signatures, be labeled "Master Copy", and placed in a loose leaf, three-ringed binder, which displays the Investment Manager's name on the outside front cover. (Do not submit the Master Copy with spiral binding.)

In addition, please send 18 copies (17 bound and one in a loose-leaf three ringed binder) must be postmarked July 22, 2011.



Except as specifically requested by the Hopi Tribe, submission of proposal or any portion thereof via fax transmission, electronic, or magnetic media shall not be allowed. The Hopi Tribe shall not accept or consider any proposal submitted in this manner. If, prior to the final filing date for submission of proposals, an Investment Manager discovered an error or omission in its proposal which it has already submitted to the Tribe, the only method of correcting, modifying, or completing the proposal is to withdraw the proposal in its entirety prior to the final filing date and time by written notification to the Tribe. A complete, corrected proposal package may be resubmitted, but not after the filing date and time. Modification offered by the Investment Manager in any other manner, whether oral, written, fax transmission, or otherwise, will not be considered.

The proposals become the property of the Hopi Tribe upon submission. All costs for developing proposals and attending interviews are entirely the responsibility of the Investment Manager and shall not be charged to the Tribe. The Hopi Tribe accepts no responsibility for lost, misplaced, mishandled, and/or late delivery of proposals.

### STANDARDS FOR EVALUATING PROPOSALS

The purpose of the proposal evaluation process is twofold: (1) to assess the responses for compliance with the RFP's minimum qualifications, content, and format requirements; and (2) to identify the Investment Manager that have the highest probability of satisfactorily performing the services requested by the Hopi Tribe. The evaluation process will be conducted in a comprehensive and impartial manner as set forth herein.

The Hopi Tribe may reject any or all proposals and may or may not waive any immaterial deviation or defect in a proposal. The Tribe's waiver of an immaterial deviation or defect shall in no way modify the RFP documents or excuse the Investment Manager from full compliance with the RFP requirements. Proposals, which contain false or misleading statements, or which provide references which do not support an attribute or condition claimed by the Investment Manager, shall be rejected. In addition, any attempt by an Investment Manager to initiate contact with the Chairman, or any members of the Hopi Tribal Council representative body during the period the RFP is open for submission of proposal will be considered grounds for disqualification from further consideration.

Proposal will undergo an evaluation process conducted by the Hopi Tribal Council. Those Investment Managers, which on the basis of the submitted proposals, the Hopi Tribe believes to meet best the Tribe's requirements for the delivery of the services sought under this RFP, will be considered finalist candidates and may be interviewed the Hopi Tribal Council. Based on its evaluation of the proposals, the Hopi Tribal Council will determine that there is only one finalist or that there are no finalists.

The Hopi Tribal Council, in its exclusive discretion, shall select such proposal that it considers to be in the best interest of the Tribe. While cost is a consideration, the Tribe reserves the right to award the resulting contract(s) on the basis of all relevant considerations and the Tribe's overall evaluation of each Investment Manager's ability to meet the Tribe's needs. Proposals that are



not selected will remain the property of the Hopi Tribe. The Hopi Tribe requests that firms submitting proposals await the response of the Tribe and not place calls to the Tribe's staff seeking to leave the status of the proposal.

### NATIVE AMERICAN FIRMS

Firms owned by the Native Americans which submit a proposal will receive preferential consideration. If the Hopi Tribe discovers that the Native American firm is of no substance and represents a marketing tool only, no preference shall be granted. The extent of the Native American participation shall be certified by the Hopi Tribes Tribal Employment Rights Office (TERO).

### TERMS OF ENGAGEMENT

The Hopi Tribe's engagement of any Investment Manager will be documented in a contract between the Tribe and the selected Investment Manager. The term of the Investment Manager will be for a one year term; however, the Investment Manager contract will be renewable annually by election by the Hopi Tribal Council. The contract may be terminated by the Investment Manager, with or without cause, no less than 30 days prior written notice to the Tribe. The Hopi Tribe may terminate the contract, with or without cause, any time by providing written notice to the Investment Manager.

The Investment Manager will be an independent contractor for purposes of this engagement and will be required to indemnify, hold harmless, and, at the Tribe's election to defend the Tribe from and against all losses, expenses and claims incurred by the Hopi Tribe as a result of the Investment Manager's negligent or willful acts or omission. The Investment Manager will be required to provide evidence of insurance coverage deemed appropriate the Hopi Tribe. The Tribe will not indemnify, hold harmless, or agree to limit the liability of the Investment Manager for the Investment Manager's negligent or willful acts or omissions in connection with this engagement.

### COMMENCEMENT DATE

The Hopi Tribe and the successful Investment Manager shall determine mutually agreeable starting dates. The contract shall not become effective until signed by all parties.

#### A. SCOPE OF SERVICES

The Consultant shall furnish to the Hopi Tribe the following described services:

1. Manage the Fund's assets under its care, custody and/or control in accordance with Investment Policy objectives and guidelines as set forth herein, and also expressed in separate written addendums to this investment policy if and when deviation from this policy is deemed prudent by the Tribal Council.



2. Promptly inform the Hopi Tribal Treasurer in writing regarding all significant and/or material matters and changes pertaining to the investment of each Fund's assets including but not limited to:
  - Investment strategy
  - Portfolio structure
  - Tactical approaches
  - Ownership
  - Organizational structure
  - Financial condition
  - Professional staff
  - Recommendations for guideline changes
  - All legal issues, SEC and other regulatory proceedings affecting the firm.
3. Promptly vote all proxies and related actions in a manner consistent with the long-term interests and objectives of the fund set forth herein.
4. Assist the Treasurer's office in setting up custody, trading and control procedures for proper management of the fund.
5. Coordinate closely with the Treasurer's office to ascertain current and future liquidity needs of the Fund and take appropriate steps to ensure such liquidity is available as needed.
6. Allocate the Fund's assets in such manner as to maximize potential return within the risk and asset parameters stated in this Investment Policy and the liquidity and funding constraints of the Fund.
7. Notify the Treasurer's Office of the realized/unrealized gains or losses on each fund within thirty days of the end of the quarter.
8. Monitor each fund's account and provide a monthly summary including an accurate report of beginning and ending balances, and a detail of all transactions to the Tribal Treasurer and/or his designated representative.
9. Measure the fund's account and provide quarterly performance reports to the Tribal Treasurer and Tribal Council on a timely basis.
10. If outside money managers are utilized, advise the Tribal Treasurer and Tribal Council in the selection process and monitor performance and adherence to policies and guidelines. Report results to Treasurer and Tribal Council. Recommend changes whenever needed to achieve the objectives established in the Investment Policy.



11. Meet with Treasurer and /or Tribal Council on a quarterly basis to review the Fund's performance and outlook. Inform the Treasurer and Tribal Council of material events that offset current and future investments.
12. The Tribal Treasurer shall retain full power of attorney over all investment holdings.

## B. INVESTMENT MANAGING

### History

1. Please list your firm's complete name, street address, email address, voice telephone and fax numbers. Include the name and title of proposed primary investment manager and location from which the consulting work will be done.
2. Please provide a brief history, since inception, of your firm and your parent organization if any. In addition, please provide the number of years your firm has been providing investment managing services, the number of years providing investment managing services to government clients, and the number of years providing investment managing services to tribal government clients.
3. Within the past three years, have there been any significant developments in your organization, such as changes in ownership, restructuring, or personnel reorganizations? Do you anticipate future significant changes in your organization?

### Ownership

1. Describe the ownership structure of your organization with specific detail regarding the percentage owned by current active employees, retired employees, parent company, affiliates or other entities. Please provide the names of individuals possessing ownership, including their title or position within the firm.
2. Include an organizational chart. Show and describe, if any, the distinct lines of business of your firm which are in addition to your investment managing line of business.

### Organization

1. Describe the line(s) of business of your firm, your parent organization, and any affiliated companies. How many employees are involved in each line of business?
2. Is your firm, its parent, or affiliate a registered investment advisor with the SEC under the Investment Advisors Action of 1940? If not, what is your fiduciary classification? Please include U.S. Securities and Exchange Commission (SEC) Form ADV Part I and II.





3. Are there any circumstances specifically related to your investment managing activities under which your firm, its officers, or employees receive direct or indirect compensation from investment managers or other investment-related firms? If so, describe in detail.
4. Does your firm, its parent, or affiliate sell information or any other services to investment managers or other investment related firms? If so, describe in detail.
5. If your firm, its parent, or affiliate is a broker/dealer, do you trade for client accounts through this broker/dealer? Can you assure the Hopi Tribe that your firm's brokerage affiliate, if any, will not execute trades for the Hopi Tribe? Please explain how.
6. Within the last five years, has your organization or an officer or principal been involved in any business litigation or other legal proceedings relating to your investment managing activities? If so, provide an explanation and indicate the current status or disposition.

#### Employees

1. Provide an organizational chart, across all offices, of the investment managing portion of your firm's business. List the number of employees, professional and support, in each function and/or location. Indicate any areas of special investment managing expertise these individuals possess.
2. Provide an organizational chart, specific to the consulting group which would be handling the Hopi Tribe's accounts, including all individuals, functions, positions and titles.
3. Provide biographies of the key individuals within each functional area.
4. Please list the primary investment manager(s) current clients and engagements by asset size, type of client (e.g. public fund, corporate fund, endowment) and type of engagement (e.g., general investment consulting services, project-based service).
5. Will the Hopi Tribe be the primary investment manager(s) only account? If not, how may client relationships will the primary investment manager(s) have other than the Hopi Tribe? What are the client/manager's client/support personnel ratios for the firm?
6. Explain how the assigned Manager(s) would function, including the lead person, back-up, quality control procedures and support services.
7. List senior staff hires and departures over the last three years. For departures indicate the reason for termination.
8. Provide data relating to turnover ratios of your investment management research staff over the last three years.



9. Does your firm have a written code of conduct or ethics? How is it monitored and enforced? How many CFDA's or CFA candidates do you have on staff?
10. Describe your firm's compensation arrangement for professional staff. How does this arrangement encourage the retention of key individuals?
11. Describe your firm's policy on changing staff assigned to a project. The eventual contract will specify that the replacement of staff on the Tribe's account will require pre-approval by the Hopi Tribe.

#### Independence of judgment and freedom of conflicts

1. What policies and procedures do you have in place to avoid or prevent conflicts of interest?
2. Are there any circumstances specifically related to your investment managing activities under which your firm, its officers or employees receive direct or indirect compensation from investment managers or other investment-related firms? If so, describe in detail.
3. Does your firm, its parent, or any affiliate sell information, software or any other services to investment managers or other investment-related firms? If so, describe in detail.
4. Does your firm or any affiliate serve as an investment manager for clients?
5. Do you or your vendors charge direct or indirect fees for investment managers to be included in your firm's investment manager database? If so, what are the fees? How do you prevent conflicts of interest?
6. If you have an in-house database, do you sell it to third parties? If so, how do you receive compensation?
7. Do you charge investment managers any direct or indirect fees when they are successful in manager searches that you conduct on behalf of your clients? If so, what are the fees? How do you prevent conflicts of interests?
8. Describe in detail any potential conflicts of interest your firm may have in this assignment. Include any activities of affiliated or parent organizations, brokerage activities, investment banking activities, or any past or current relationships with members of the Hopi Tribal Council, 401K Trustees, and the Hopi Tribe's Treasury staff. Include any pertinent activities, actions, or relationships not specifically outlined in this question.



9. Describe all outside marketing/sales services for which your firm has contracted over the last three years as of July 22, 2011, for the marketing of your consulting services to the institutional tax-exempt market. Specify any such arrangements as they relate to this assignment.

### C. CONSULTING CAPABILITIES

#### Asset Allocation & Investment Policy Analysis

1. Outline your approach to the development of an investment policy. Provide a sample of your response. Describe how you articulate the fiduciaries' risk tolerance in the policy document.
2. What is your approach to managing absolute and relative investment risk? Describe your general approach to controlling risk, e.g., do you favor the use of asset weight limits or risk limits, or a combination?
3. Describe your firm's involvement in preparing guidelines for investment managers. Provide samples of investment guideline you have developed.
4. Discuss in detail the theory and methodology of the asset allocation process you employ. How does your firm develop asset class assumptions? Provide a sample asset allocation report in the appendix of your response.
5. How do you factor in the characteristics of plan liabilities in your asset allocation process?
6. Detail your process for recommending an overall portfolio structure. Give particular attention to its relationship with investment policy and asset allocation.
7. Detail all asset classes with which your firm has experience. In addition, please detail all asset classes with which you have assisted your clients in implementing.
8. Outline your process for maintaining and providing a continuous review of investment policy, asset allocation, and portfolio structure.

#### Performance Evaluation

1. How long has your organization been providing performance evaluation services? How many clients do you currently have using this service and how many employees are assigned? What are the market values of your largest three performance evaluation clients?

2. Describe the hardware and software systems used in the production of performance reports. Does your system operate at the individual transaction and asset level, or do you aggregate transactions and assets for entry into the system? Is the software developed in-house? What is the current version number and how often is it updated? Is any production work subcontracted to another firm? Do you offer on-line capability to clients?
3. Discuss the international equity, international fixed income and emerging markets capabilities of your performance evaluation system. Do you have the capability of handling currencies other than the US dollar, and how many clients use this capability?
4. Discuss the capabilities for performance reporting for derivatives, long/short portfolios, hedge funds, and other leveraged portfolios.
5. [If applicable] What methods and sources of data do you use in calculating investment performance of a client's portfolio? Do you comply with AIMR standards for rate calculation? Do you reconcile your calculated performance with investment managers and custodians? Describe this process.
6. Describe how benchmarks are chosen or developed and how performance is compared to similar portfolios. Can your firm provide custom/style benchmarks and universes? Please list all available universes against which performance and other attributes can be measured. Are the returns in your universe actual client returns or composition returns as reports by managers?
7. Can investment performance evaluation reports be customized for clients? Is there flexibility in producing non-calendar period results?
8. How often are performance reports produced and delivered? What quality control processes and written procedures do you have in place? Include a sample performance evaluation report in the appendix of your response.
9. Discuss the portfolio analytics your firm is capable of providing. How can they be used in evaluating manager performance?
10. Discuss your capabilities to evaluate, measure, and report on risk.
11. Discuss your capabilities to provide returns attribution, for both equity and fixed income.
12. Give an overview of your firm's approach and criteria for recommending a manager be placed on probation, removed from probation, or replaced.



13. Do your reports provide an executive summary section which makes specific recommendations and calls to the client's attention any issues which need to be investigated or discussed? Do your performance reports monitor investment manager compliance with the investment policy? Explain.

#### Investment Manager & custodian /trustee search

1. Does your firm maintain an in-house database of investment managers? If not, what vendors do you purchase the database from? How managers are contained in the database? What asset classes are covered? Are non-US managers (i.e., managers located outside the U.S.) included?
2. Describe how your firm or your vendor gathers, verifies, updates and maintains the data collected on managers for the database.
3. Do you have individuals dedicated to manager research within your firm? If so, how many and where are they located? Describe their role in the manager search process.
4. How many manager searches have you completed within the last 12 months? Describe in detail your firm's process for the evaluation and selection of investment managers. Give a list of criteria you use to screen your database. Detail some of the key issues you would examine in the process. Include an example of a manager search report with your response.
5. Discuss your custodian/trustee search capabilities and procedures. How many of these searches have you done in the past three years?
6. Describe your firm's involvement in preparing guidelines for investment managers. Will you work with the Tribe's staff in negotiation of such guidelines? Describe your firm's capability in monitoring manager compliance with guidelines and style consistency.
7. Describe your firm's ability to customize on your client's behalf a request for proposal for the evaluation and selection of public market investment managers or do you prefer to issue your stand proposal?

#### Research

1. Describe the internal structure and organization of your research department. If no separate department exists, describe how this function is performed.
2. Describe the manner in which external resources and sources of information are used in the research process. How does your firm integrate internal and external research? Outline your process for monitoring and reporting on market trends.



3. Please describe in detail the type and frequency of research that would be provided to the Hopi Tribe. Through what media would it be provided? Please provide samples of recent research reports.
4. Describe your compute capabilities and relate them to your consulting services and products. Do you provide any customized computer/based analytical tools to your clients?
5. Describe the education alternatives provided to your client's trustees and staff. Give details on whether one-on-one, classroom, or seminar environments are available. Are your internal staff or external resources used?
6. Do you provide any customized computer-based analytical tools to your clients?

#### D. CLIENTS

1. Please provide a list of your current clients as a reference. Please state the type of clients (e.g., public pension, corporate, endowment), asset size and the year in which the relationship was firmed. Please provide contact information for three clients for reference purposes.
2. Please provide a list of your Native American clients as a reference.

#### E. FEES

1. Please provide a fee schedule of each proposed service in addition; please submit your fee proposal for full service investment management consulting to include all of the proposed services, including manager services on an as needed basis.